

**Business Enterprise Program Council for Minorities,
Females, and Persons with Disabilities Meeting**

MEETING MINUTES

**Monthly Council Meeting
Location: Video Conference Room 2-025
James R. Thompson Center
100 W. Randolph Street, Chicago, Illinois**

Monday, November 23, 2009 1:00 p.m.

COUNCIL MEMBERS IN ATTENDANCE

Lawrence Parrish (replaced Issa Lozada)
Curtis Thompson
Phillip Barreda
Debra Matlock
Raymond Arias
Maria de Lourdes Coss
Beth Doria
Florence Cox
Patrick Blair (via video conference)
Darryl Harris (via video conference)
Larry Ivory (via video conference)

COUNCIL MEMBERS NOT IN ATTENDANCE

Edward Stanfield (excused)
Letitia Herrera
Michael Gonzalez
Hedy Ratner (excused)
Lynne Turner (excused)

COUNCIL CHAIRMAN

James P. Sledge, CMS/ Director

ACTING COUNCIL SECRETARY

Elias Ricks Ngwayah II, CMS/BEP

CMS STAFF IN ATTENDANCE

Scott Seder, CMS/ Deputy Chief of Operations Officer
Philina King, CMS/BEP Legal Counsel
Lynn Carter, CMS/Legal
Susan Hartman, CMS
Yvette Riley, CMS/BEP
Harry Reinhard, CMS/BEP
Gladys Rodriquez, CMS/BEP
Leslie Taylor, CMS/BEP

AGENDA

- 1.0 CALL TO ORDER
- 2.0 ROLL CALL
- 3.0 APPROVAL OF THE MINUTES OF THE REGULAR COUNCIL MEETING HELD ON September 28, 2009
- 4.0 CHAIR'S REPORT
- 5.0 POSTED BUSINESS
 - 5.1 Introduction of Philina King as BEP Legal Counsel – Chairman James Sledge
 - 5.2 Disparity Study Oversight Committee Meeting Update – Denise Martinez
 - 5.3 Status Report on IT RFP's published and those in the development stage that may have potential opportunities for BEP-certified firms – Philina King
 - 5.4 The Small Business Set-Aside Program – Susan Hartman
 - 5.5 Report on the legal status of preferences under the Procurement Code – Lynn Carter
- 6.0 UNFINISHED BUSINESS
 - 6.1 Committee Updates
 - A. Exemption/Compliance Committee
 - B. Bonding Committee
 - C. Professional Services
- 7.0 NEW BUSINESS
- 8.0 ADJOURNMENT

CALLED TO ORDER

James P. Sledge, Director for Illinois Department of Central Management Services, called the Business Enterprise Program Council meeting to order at 1:05 PM.

Elias Ricks Ngwayah II, Acting Business Enterprise Council Secretary, took roll call.

INTRODUCTION

Chair James Sledge introduced Philina King to the Council. Ms. King is a new CMS employee appointed as Legal Counsel for the Business Enterprise Program.

Ms. King introduced herself to the Business Enterprise Council.

MINUTES OF COUNCIL MEETING OF September 28, 2009

The minutes of the Council meeting held September 28th were motioned for approval by Phillip Barreda and seconded by Maria de Lourdes Coss. The minutes were approved by the remaining members of the Council with no opposition nor abstentions.

2009 COUNCIL MEETINGS

The upcoming BEP Council meetings will be scheduled for the fourth Monday of each month, from 1:00 PM. to 3:00 PM. The December 28th meeting will be cancelled, due to lack of quorum. Meeting will resume Monday January 25, 2010.

CHAIR'S REPORT/POSTED BUSINESS

Chair James Sledge reported on the following items:

Introduction of New Employee:

- Chair James Sledge introduced CMS new employee Philina King, Business Enterprise Program Legal Counsel.
- Ms. King introduced herself and stated she looks forward to working with the Council and the Business Enterprise Program.

POSTED BUSINESS

Chair James Sledge called for presentations:

Presentation by Darryl Harris on behalf of Denise Martinez:

Mr. Harris updated the Council on the Disparity Study Oversight Committee meeting and answered questions from the Council. Mr. Harris noted he attended the oversight committee meeting. He is a member of the committee.

Mr. Harris stated the committee reviewed the data collection and anticipate Mason Tillman finalizing the collection data among participating agencies. Most agencies have complied with the collection data. A few agencies still need to submit their information. This will complete the data verification phase of the Study.

Highlights and key points of presentation:

Mason Tillman:

- Mason Tillman provided the oversight committee with a list of different groups and vendors within the entire Illinois area. Oversight committee determined list should be surveyed, updated and expanded.
- Committee will work on formulating list and will furnish a copy to the Business Enterprise committee.
- Mason Tillman anticipates completing all phases of the Study by May 28, 2010.

Upcoming Community Meetings:

- For January 2010, the oversight committee will hold three (3) community meetings in the Belleville Southern area, Springfield and Chicago.

Disparity Study Sunset Date:

- Debra Matlock advised the Council that the current sunset date for the disparity study is December 31, 2010. CMS will propose in the Spring session that the sunset date be extended to permit them time to review the recommendations and results of the Study provided by Mason Tillman.

Presentation by Philina King:

Ms. King reported on the IT RFP's published and those in the development stage that may have potential opportunities for BEP-certified firms.

They are:

Upcoming Procurement Opportunities for IT and Current Posting:

- There are twenty-two (22) listings for Request for Proposal (RFP) and Informal Bid (IFB).
- There are five (5) IT solicitations currently open.

Ms. King advised the Council that only one (1) solicitation out of the five (5) included a BEP goal.

Chair James Sledge allowed open floor discussion and feedback from the Council regarding IT contracts.

Darryl Harris questioned why four (4) of the IT solicitations that did not include BEP goals. Ms. Hartman stated she would review the twenty-two (22) IT postings, determine if there are BEP goals, and provide Mr. Harris with results and findings.

Chair James Sledge noted that he and his staff would work with Mr. Harris in the near future to ensure he receives answers to his questions and any requested reports.

Key topics of discussion and conclusions are as follows:

Contract threshold:

- Chair James Sledge and Council discussed contracts with \$500,000 threshold. Chair James Sledge would like forwarded to him written documentation on policy and procedure that determines BEP participation goals in contracts with \$500,000 threshold and over.
- Implementing a lower threshold for BEP participation on contracts \$500,000 and below. Chair James Sledge, Darryl Harris and other Council members will establish a timeline this week to meet to discuss this item.

Agency Survey:

- Susan Hartman indicated that she made a request to CMS Knowledge Management team to survey each agency to determine their contract threshold. She is anticipating receiving an answer back in a few weeks.

IT provider:

- Harry Reinhard advised the Council on the IT IBM Master Contract for Technical Services. He stated a large number of subcontractors on this contract are BEP certified.
- Darryl Harris requested FY 2009 IT BEP-certified vendor list.

IT contracts:

- Mr. Reinhard advised the Council that most IT contracts contain a 25% BEP participation goal set by CMS/Bureau of Strategic Sourcing and Procurement and Agencies and Universities.
- The BEP Compliance Division monitors contracts between Prime contractors and subcontractors that are BEP certified. Agencies/Universities receive credit towards their 12% BEP Statutory Goal and 19% Goal established by the BEP Council.
- Agencies/Universities Annual Expenditure Reports are not due to BEP office until December 31, 2009, Annual Report due March 1 to Governors Office.

Presentation by Susan Hartman:

Susan Hartman reported on the Small Business Set-Aside Program and answered questions from the Council.

Registration Requirement:

- Business is required to fill out a 5 page bidder's application
- Business must submit copies of one (1) year federal and state income taxes showing gross sales to prove they do not exceed the limit

Criteria and the Annual Gross Sales are as follows:

- Retail or service – \$6 million or less
- Wholesale - \$10 million or less
- Construction - \$10 million or less
- Manufacturing - \$10 million or less

Statistics:

- There are 6,227 registered vendors in the small business set-aside program
- There are 961 BEP certified vendors in the small business set-aside program
- BEP certified vendors make up 15% of the small business set-aside program
- Two-thirds of BEP certified vendors are small business set-aside

Ms. Hartman indicated that agencies' are mandated by the Chief Purchasing Officer to contract with small Illinois businesses by utilizing set-asides whenever feasible, specifically for procurements under \$50,000 and those made in the 64 designated set-aside supply/service classifications. Small purchase threshold is \$32,600 and under.

Contract Bids:

- Contracts over \$32,600 will post on the Illinois Procurement Bulletin and follow all the normal rules of competitive bidding.
- Contracts under \$32,600 are informal bids (IFB). CMS and Agency Procurement officers send out email notifications asking for quotes from vendors.
- Agencies' procurement officers utilize the sell2.illinois website to search for vendor in the supply/service classification code.
- Small set-aside responsive bidders can be located on the Illinois Procurement Bulletin website. In most cases, IFB awarded to the lowest priced bidder and competitively bid.

Contract Reporting:

- Harry Reinhard reported that BEP Compliance Division reports BEP expenditures in the Annual Report. The Small Business Set-aside Program reports appropriations.
- BEP Compliance staff conducts statewide annual compliance plan training. Staff encourages Agency/Universities and State Purchasing Officers to utilize BEP certified vendors whenever they can in small business purchases.

Council Suggestions:

- Darryl Harris introduced the item of rotating vendors for procurement opportunities on contracts that are \$32,600 and under.
- Agencies' should consider creating larger vendor pool.
- Agency State Procurement Officers to consider evaluating contracts they give out to small set-aside businesses and consider rotating them, if the same group of vendors awarded contracts year after year.
- Philina King and BEP Council will discuss issue at a future time.

Chair James Sledge and CMS staff petitioned all eligible BEP vendor community to register for small business set-aside program in 2008. CMS staff continues to gather statistics for this option.

Presentation by Lynn Carter:

Lynn Carter reported on the legal status of preferences under the Procurement Code and answered questions from the Council. She provided a comprehensive review and list of what preferences currently exist in the Business Enterprise Program statute and Illinois Procurement Code.

She stated that Illinois Procurement Code gives preference to different products and groups. General Assembly recently passed several Bills giving preference to environmentally friendly products.

Ms. Carter advised that there are two (2) different types of preferences.

They are:

Two (2) difference types of preferences that favor certain types of vendors:

- BEP goals favor minority vendors over other BEP certified vendors
- Product favor other types of products over others

Short list of Preferences that are currently on the books:

Business Enterprise Program:

- The Business Enterprise Program by far is the largest program. The BEP statute defines BEP goals as 12%, which breaks down, to 10% with minorities and females and 2% with disabled vendors. By Council resolution, the Council raised goal to 19%. The BEP statutory goal remains 12%.
- Once Senate Bill 51 takes effect, July 1, 2010 the overall BEP goal will become 20%. This Bill for the first time will breakout separate goals for minority spend and female owned businesses.

Breakout:

- 11% - Minority spend
 - 7% - Female owned businesses spend
 - 2% - Disabled owned spend
- 20%

Small Business Set-Aside Program:

- Agencies utilized the small set-aside program to help meet their BEP goal. Agencies are always actively looking for small business purchases.

Sheltered Workshop for disabled:

- Groups certified by the Illinois Department of Human Services as meeting their standards for rehabilitation facilities can in some instances be state contracts without a competitive bidding process.

Correctional Industry:

- State statute allows Agencies to buy products made by inmates of Illinois.
- The Illinois Correctional Industries Agency manufacture, repackage and distribute a variety of goods. They are very active in attempting to get State Agencies to buy from them.

Disabled Veterans:

- Disabled Veteran is an on-going project of the General Assembly. Currently, this one is not a preference. The legislature is working to establish a separate goal specifically for disabled veterans that own businesses.

- Task Force will study the availability of businesses owned by disabled veterans and determine what the goal should be for disabled veterans. Report is due to the General Assembly by March 31, 2010.
- Disabled Veterans will most likely become part of the Business Enterprise Program with a separate goal.

Illinois Vendors:

- Illinois Procurement Code identifies preference for Illinois vendors located in Illinois as oppose to vendors that are not. All tie bids go to Illinois vendors.

Sample list of environmental-friendly products:

- Agriculture products, corn based plastics; vehicles powered by Illinois for Illinois mine coal, soybean base ink, recycled material and recycled paper.

Tax Credits for vendors who hire:

- Illinois veterans and,
- Ex-offenders

Public Work Sites:

- The procurement code gives preference to vendors on Public Work sites that employ laborers who are Illinois citizens.

Question & Answer Session around Disabled Veteran Bill:

Question raised by Raymond Arias to Lynn Carter:

What certifications does the Government look at?

Answer:

The disabled veteran Bill refers to a certification given by the U.S. Veterans Administration. I believe that the U.S. Veterans Administration will certify the disability, as well as, certify the business. The bill relies on people who are certified disabled that receive a disability pension by the U.S. Veterans Affairs.

Question raised by Maria de Lourdes Coss to Lynn Carter:

Is there a certification for environmentally friendly products?

Answer:

Different products have different specifications. There is no one certification for environmentally friendly products such as ink, plastic, paper. They have their own specifications for what makes it environmentally friendly. The procurement code statutes on preferences do not look at the vendor it looks at the product. The code gives preference to the product that the vendor is bidding as oppose to a vendor that may not be bidding on an environmentally friendly product.

Question raised by Maria de Lourdes Coss to Lynn Carter:

Are there many certified firms that can provide those environmentally friendly products?

Answer:

There are more and more companies that are figuring out it's not just State of Illinois doing this. There are other States, municipalities, federal government and private industries. Being green is a very popular concept right now. There are alot of people that are figuring out that this is a way to put yourself above other vendors by providing these types of products.

UNFINISHED BUSINESS

Chair James Sledge called for committee updates.

A. Exemption/Compliance Committee

No Report

B. Bonding Committee

Lead Chairman, Darryl Harris reported that he and his committee has drafted legislation for Spring session and raised the bonding threshold to \$100,000.

C. Professional Services Committee

No report

NEW BUSINESS

The Council will not be going forward with the December 28, 2009 meeting due to lack of quorum. Meeting will resume Monday January 25, 2010 at the James R Thompson Center, Room 2-025, 1:00 PM to 3:00 PM.

NEXT STEPS

- Chair James Sledge, CMS/Legal staff, Darryl Harris and Council will meet and discuss implementing lower threshold for BEP participation on contracts \$500,000 and below (*policy and procedure to follow*).

Meeting Adjourned at 1:51 PM